

Capital Plan Amendments

Frequently Asked Questions (FAQ)

How will my stock be divided?

The Bank will exchange all shares of Existing Class B stock at the open of business on October 1, 2015 for an equal number of shares of capital stock consisting of shares of Class B-1 stock and Class B-2 stock allocated as follows: For each member, (i) a number of shares of Existing Class B stock in an amount sufficient to meet such member's activity-based investment requirement will be exchanged for an equal number of shares of Class B-2 stock and (ii) all other outstanding shares of Existing Class B stock held by such member will be exchanged for an equal number of shares of Class B-1 stock. Immediately following these exchanges, all shares of Existing Class B stock will be retired.

Do I need to do anything for my stock to be converted?

No. There is no action required on your part.

Will my minimum investment requirement change when the amended Capital Plan becomes effective October 1?

No. The Bank has amended its Capital Plan to modify the permissible range for the advances-based component of the activity-based investment requirement. Effective October 1, 2015, the permissible range for the advances-based component of the activity-based investment requirement will change from a range of 3.0 percent to 5.0 percent of members' advances outstanding to a range of 2.0 percent to 5.0 percent of members' advances outstanding. The current requirement established by the Bank's Board of Directors (Board) is 4.1 percent of members' advances outstanding, which will remain in effect upon the implementation of the amended Capital Plan. The Bank will provide 30 days' notice of any changes in your minimum investment requirements.

How do the reduced activity-based investment requirements for specially designated advances offerings work?

The amended Capital Plan authorizes the Board to establish a reduced activity-based investment requirement for specifically designated advances offerings. The Bank would announce any such offerings after approval by the Board, and would provide 30 days' notice to members prior to their availability.

Do these changes affect my membership investment requirement?

No. The amendments did not alter the permissible ranges for the membership investment requirement or the Acquired Member Asset component of the activity-based investment requirement.

When will I see any potential changes in my dividend?

Any changes to your dividend payout resulting from the new stock sub-classes will not be seen by members until the first quarter of 2016 at the earliest. If the Bank's current dividend practices are followed, that dividend payment would be made March 31, 2016.

What are the advantages of the new dividend structure?

The Board is authorized to declare dividends at different rates for the two sub-classes of Class B stock, which provides the opportunity for a higher dividend rate for activity-based stock.

Will these changes affect my voting rights?

No. For purposes of voting rights, all shares of Class B stock, regardless of sub-class, will be treated the same and will be subject to the limitations that are currently in effect.